

Non-Life Insurance: Industry continues its strong growth momentum in January.



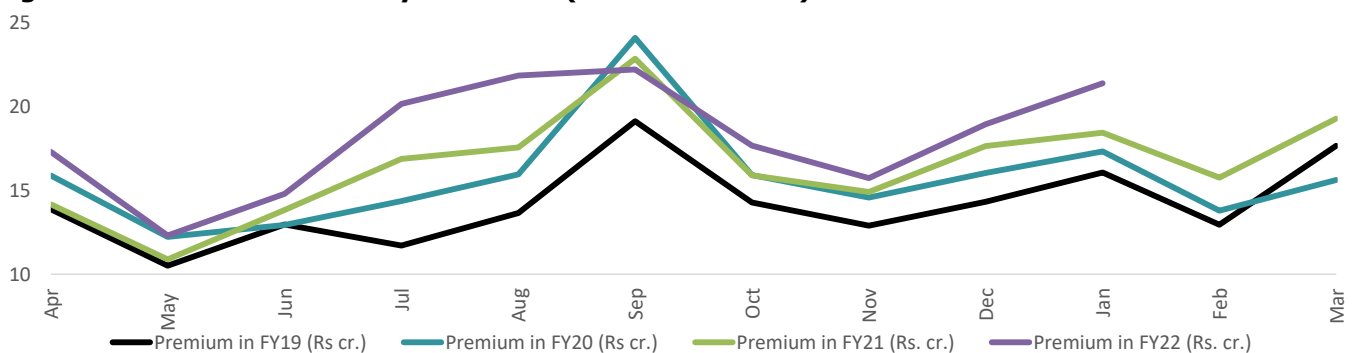
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Overview

The non-life insurance industry reported a five-month high growth rate of 15.9% in January 2022 and was nearly 2.5 times the rate reported in January 2021. Non-life insurance premium reached Rs. 21,401.1 crores for January 2022 compared to Rs. 18,457.6 crores in January 2021. The growth has continued to be driven by the health segment; crop insurance has contributed significantly to the growth for the month of January 2022. Crop insurance has recorded a growth in monthly premiums after several months.

Figure 1: Movement in Monthly Premiums (in Rs '000 crores)



Source: IRDAI

Figure 2: Movement in Gross Direct Premium Underwritten (Rs cr)

Insurers	For Jan 2020	For Jan 2021	For Jan 2022	Jan 2021 Growth in %	Jan 2022 Growth in %	10M FY20	10M FY21	10M FY22	10M FY21 Growth in %	10M FY22 Growth in %
General Insurers	15,027.1	16,245.6	16,614.7	8.1%	2.3%	1,40,341.9	1,41,025.8	1,52,893.3	0.5%	8.4%
Stand-alone Pvt Health Insurers	1,166.5	1,481.4	2,019.1	27.0%	36.3%	9,222.3	11,902.7	16,216.9	29.1%	36.2%
Specialized PSU Insurers	1,139.6	730.6	2,767.1	-35.9%	278.7%	9,710.7	10,562.4	13,371.9	8.8%	26.6%
Total	17,333.1	18,457.6	21,401.0	6.5%	15.9%	1,59,274.9	1,63,490.9	1,82,482.1	2.6%	11.6%

Note: HDFC Ergo Health merged into HDFC Ergo in FY21, hence FY20 numbers have been regrouped to reflect the same and align with FY21 and FY22 numbers; Source: IRDAI

- General Insurers grew at subdued 2.3% in January 2022 which was nearly half the rate reported in December 2021 but was roughly 30% of the growth rate of 8.1% reported in January 2021. The YTD numbers grew at 8.4% for 10M FY22 vs a marginal growth of 0.5% in 10M FY21. The General Insurance segment continues to maintain the highest share; however, its continued growth can primarily be attributed to health insurance, with motor and fire also accounting for some growth.
- Standalone Pvt Health Insurers (SAHI) have reported a sustained premium y-o-y growth of 36.3% in January 2022 (higher than the last January's growth rate of 27%) to Rs. 2,019.1 crores which was also higher sequentially higher than the December numbers. Similarly, 10M FY22 numbers which reached Rs 16,216.9 crore from Rs 11902.7 crores in 10M FY21, a jump of 36.2% vs. a growth of 2913% in 10M FY21, indicative of the robust growth in the retail and group health premiums.
- Specialized insurers reported a rise of 278.7% in January 2022 vs. a decrease of 35.9% in January 2021 but rose by 26.6% for 10M FY22 vs an increase of 8.8% in 10M FY21. This increase can be attributed to the crop insurance premiums being paid to the Agriculture Insurance Company of India Limited. This premium can be attributed to the deadline for the sowing season for various crops including horticulture.

Figure 3: Movement in Premiums

Insurers	For Jan 2020	For Jan 2021	For Jan 2022	Jan 2021	Jan 2022	10M FY20	10M FY21	10M FY22	10M FY21	10M FY22
				Growth in %	Growth in %				Growth in %	Growth in %
Public Sector	7,625.2	7,408.4	8,470.7	-2.8%	14.3%	70,579.4	70,214.0	76,231.3	-0.5%	8.6%
Private Sector	9,708.0	11,049.2	12,930.2	13.8%	17.0%	88,695.5	93,276.8	1,06,250.8	5.2%	13.9%

Source: IRDAI

- Both public as well as private insurers reported an increase in January 2022 and 10MFY22. Public players posted a positive rate after recording a negative rate in the previous period. The 10M FY22 numbers have continued the previous trend of private players outpacing their public peers. On a YTD basis, the market share of private non-life insurance companies has increased by 1% annually to 58% in 10MFY22 from 56% in 10FY20.

Figure 4: Movement in Segment Premiums

Segment	Total Premium Rs cr			% Share			YoY Growth	
	10M FY20	10M FY21	10M FY22	10M FY20	10M FY21	10M FY22	10M FY21	10M FY22
Health	42,327.4	48,324.3	60,835.0	26.6%	29.6%	33.3%	14.2%	25.9%
Motor	57,440.5	54,477.1	56,365.6	36.1%	33.3%	30.9%	-5.2%	3.5%
Crop Insurance	28,712.6	25,998.0	25,387.5	18.0%	15.9%	13.9%	-9.5%	-2.3%
Fire	13,490.0	17,520.6	18,856.4	8.5%	10.7%	10.3%	29.9%	7.6%
Personal Accident	4,371.3	4,174.0	5,522.8	2.7%	2.6%	3.0%	-4.5%	32.3%
Marine	3,069.4	2,845.8	3,557.4	1.9%	1.7%	1.9%	-7.3%	25.0%
Liability	2,373.6	2,713.7	3,555.1	1.5%	1.7%	1.9%	14.3%	31.0%
Engineering	2,183.4	2,397.8	2,913.1	1.4%	1.5%	1.6%	9.8%	21.5%
Credit Insurance	1,190.8	1,077.9	1,143.5	0.7%	0.7%	0.6%	-9.5%	6.1%
Aviation	581.6	637.8	767.2	0.4%	0.4%	0.4%	9.7%	20.3%
All Other Miscellaneous	3,534.3	3,323.7	3,578.3	2.2%	2.0%	2.0%	-6.0%	7.7%
Grand Total	1,59,274.9	1,63,490.9	1,82,482.1	100.0%	100.0%	100.0%	2.6%	11.6%

Source: IRDAI

In 10M FY22, all segments barring the crop insurance segment, have showed a growth compared to the last year, when many of the segments had reported a drop in their premium numbers.

- Health insurance premiums have been the main drivers of the non-life insurance industry since the commencement of the Covid-19 pandemic. The health segment has grown by 25.9% in 10M FY22 which is nearly double the growth of 14.2% witnessed in 10M FY21. This increase has also been aided by the fact that the early part of FY21 was spent under a nationwide lockdown and companies have strengthened their standards. This has resulted in health segment increasing its market share from 26.6% in 10M FY20 to 33.3% in 10M FY22. YTD premium growth of standalone health insurers continues to be significantly higher than industry average, indicative that retail premiums are growing faster than the group business as the standalone health insurers derive most of their premiums from the retail segment. However, it should be noted that group insurance continues to be the largest segment within health.
- SAHI players hold 26.7% of the health insurance market, while general insurance companies hold 73.3%, which is lower than 75.4% share in the previous year.
- The Motor insurance segment has continued its growth momentum; however, the growth has reduced to 3.5% in 10MFY22 compared to 3.7% in 9M FY22 and 3.9% for YTD November FY22, versus a 5.2% drop in 10M FY21. However, despite this modest rise, the segment has seen its market share fall from 36.1% in 9M FY20 to 30.9% in 10M FY22, declining by over 500 bps over the two years in absolute terms.
- According to FADA, total vehicle sales reached 14.4 lakhs for the month of January 2022, a decrease of 10.7% compared to January 2021 and a fall of 18.4% compared to January 202. The short-term auto outlook continues to be hampered by the chip shortage and fears over the new covid variant.
- Crop insurance premiums reached Rs 25,387.5 crores and have continued to decrease by 2.3% in 10M FY22. Last year too, the segment had recorded a drop of 9.5% in 10M FY21. Issues such as delay in claims settlement, delay in the release of subsidy, and voluntary nature of the scheme have continued to hamper the scheme. Pradhan Mantri Fasal Bima Yojana (PMFBY), which has also been hampered by some states opting

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